

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2003-844

December 3, 2003

MAINE PUBLIC UTILITIES COMMISSION
Investigation of the Rates of Union River
Telephone Company

NOTICE OF INVESTIGATION

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

With this Notice, we open an investigation of the rates and revenue requirement of Union River Telephone Company.

II. DISCUSSION

In an Order also issued today in Docket No. 2003-843, we have approved initial, temporary universal service funding (USF) for Union River Telephone Company (Union River or the Company). That funding is provided in part because Union River, like all incumbent ILECs in Maine, is implementing expansions to its basic service calling areas (BSCAs). These expansions, required by December 2002 amendments to Chapter 204 of our Rules, add all contiguous exchanges not presently included in the Company's BSCAs. The expansions will result in a substantial loss of access revenue for Union River because calls that previously required toll charges (and provided access charge revenues for the Company) are now local.

In addition to the loss of access revenues because of the BSCA expansions, Union River is also reducing its intrastate access rates to meet the requirement of amended 35-A M.R.S.A. § 7101-B that, by May 31, 2005, its access rates must equal its interstate access rates that were in effect on January 1, 2003.

The Company will offset both of these revenue reductions in part by increasing its rates for local exchange service. However, the level of local rates necessary to fully offset the losses would be excessive. It is therefore certain that Union River will need funding from the Maine Universal Service Fund.

To receive USF, a rural LEC must satisfy two conditions. First, it must implement local rates at least equal to those of Verizon. Chapter 288, § 3(C)(3). Section 3(D)(2) allows the Commission to phase in those rates if raising rates immediately to Verizon levels is not in the public interest. We are allowing Union River to phase-in these rate increases because its present rates are substantially below those of Verizon, and the increases to reach Verizon levels would constitute too much of an immediate burden for Union River's customers.

The second condition is that the Commission must conduct a revenue requirement proceeding unless the proposed recipient had such a proceeding within 6 months prior to the adoption of the USF Rule. Chapter 288, § 3(C)(1). Union River did not have such a proceeding.

In the Order approving initial, temporary USF, we granted Union River a temporary waiver from the latter requirement because of the proximity of the immediate need for support (December 15, 2003), the certainty that Union River will need permanent USF, and the fact that Union River has filed information necessary to process a rate case.

For the reasons stated above, we open an investigation of the rates and revenue requirement of Union River Telephone Company.

Accordingly, we

1. Provide NOTICE that, pursuant to 35-A M.R.S.A. § 1303 and the requirements of Chapter 288, § 3(C)(1), the Maine Public Utilities Commission will investigate the rates of Union River Telephone Company;
2. ORDER Union River Telephone Company to provide notice to its customers of this investigation pursuant to the provisions of Chapter 110, § 716; and
3. ORDER the Administrative Director to send a copy of this notice to the Public Advocate for the State of Maine.

Dated at Augusta, Maine, this 2nd day of December, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.